

Made at Drayton Valley, in the
Province of Alberta, on

May 30, 2019

ALBERTA ENERGY REGULATOR

Under Sections 113 and 241 of the *Environmental Protection and Enhancement Act*

Under Section 29 of the *Pipeline Act*

Under Section 44 of the *Oil and Gas Conservation Act*

Obsidian Energy Ltd.

200 - 207 9 Avenue SW
Calgary, AB T2P 1K3

Obsidian Energy Ltd. (Obsidian)

WHEREAS Obsidian is the licence holder and owner of a well located at 03-05-052-08W5M, AER licence W0070083, issued by the Alberta Energy Regulator (AER) under the *Oil and Gas Conservation Act* (OGCA) authorizing Obsidian to construct and operate a water injection well (Well);

WHEREAS Obsidian is the licence holder and owner of a 1.56 kilometre (km) pipeline, AER licence P58593 Line 1, issued by the AER under the *Pipeline Act* authorizing Obsidian to construct and operate a pipeline to transport salt water from 03-05-052-08W5M to 16-06-052-08W5M (Line 1);

WHEREAS Obsidian is the licence holder and owner of a 0.61 kilometre (km) pipeline, AER licence P58637 Line 1, issued by the AER under the *Pipeline Act* authorizing Obsidian to construct and operate a pipeline to transport salt water from 02-05-052-08W5M to 03-05-052-08W5M (Line 1);

WHEREAS Obsidian is the licence holder and owner of a facility located at 03-05-052-08W5M, AER licence F12127, issued by the Alberta Energy Regulator (AER) under the *OGCA* authorizing Obsidian to construct and operate a water injection facility (Facility);

WHEREAS the Well, P58593 Line 1, P58637 Line 1 (Pipelines) and the Facility and all associated infrastructure (collectively, Infrastructure) are located at 03-05-052-08W5M (Site);

WHEREAS produced water and hydrocarbon are present in the Infrastructure (Substances);

WHEREAS the Substances are commonly known to cause an adverse effect to the environment;

WHEREAS at 12:00pm on May 29, 2019, Obsidian became aware that a component of the Infrastructure had failed (Failure), resulting in a release of the Substances (Release);

WHEREAS at 2:24pm on May 29, 2019, Obsidian notified the AER of the Failure and subsequent Release that resulted in 80m³ of sweet produced water that had been released on and off lease;

WHEREAS the Release had not entered any waterbodies;

WHEREAS in response to the Release, Obsidian activated its emergency response plan and established an incident command structure;

WHEREAS Obsidian has retained third party contractors to respond to the Release;

WHEREAS Obsidian has advised that it has suspended and isolated the Infrastructure in response to the Release;

WHEREAS Obsidian and its representatives continue to collect water samples to determine any associated impacts to the environment as a result from the Release;

WHEREAS on May 29, 2019 an AER Inspector and Emergency Response Coordinator (Field Staff) visited the Site and confirmed that the Site and areas outside the site including a wetland were impacted by the Release;

WHEREAS the impacted wetland is a tributary to the Pembina River, which is approximately 1.7km away from the Site;

WHEREAS on May 29, 2019 Field Staff determined the Release was not contained;

WHEREAS Field Staff have estimated the Release to be greater than initially reported;

WHEREAS Jeff Schatz, Manager of Field Operations North – Drayton Valley, is a Director for the purposes of issuing Orders under Environmental Protection and Enhancement Act (EPEA), OGCA, and the Pipeline Act (Director);

WHEREAS the Director is of the opinion that the release of the Substances into the environment has occurred, and that the Substances have caused, are causing, or may cause an adverse effect, and remedial work is required to mitigate the adverse effects, including on the Site and surrounding areas, affected waterbodies, shoreline area, aquatic life, and affected wildlife as a result of the Release;

WHEREAS Obsidian is a “person responsible” for the Substances, as defined in section 1(tt) of EPEA;

WHEREAS the Director is of the opinion that the current state of the equipment at the Pipelines are hazardous, inadequate, or defective given the Failure;

WHEREAS the Director is of the opinion that the current state of the equipment at the Well and Facility are hazardous, inadequate, or defective given the Failure;

THEREFORE I, Jeff Schatz, Manager of Field Operations North – Drayton Valley, pursuant to sections 113 and 241 of EPEA and, section 27 of the OGCA and section 29(1)(b) of the Pipeline Act DO HERBY ORDER Obsidian to do the following:

Suspend Operations

1. Immediately ensure the Pipelines have been suspended and left in a safe condition. The Pipelines must not be restarted until the AER has provided written approval as required under section 29 of the Pipeline Act.
2. Immediately ensure the Well and Facility have been suspended and left in a safe condition. The Well and Facility must not be restarted until the AER has provided written approval as required under section of 44 the OGCA.

Immediate Containment and Assessment of Public Safety

3. Immediately contain the Substances and prevent the further release or migration of the Substances.
4. Immediately identify and report to the Director any potentially affected parties that could be adversely affected by the Release, including but not limited to domestic, indigenous, agricultural and recreational users of lands and waterbodies affected.
5. Immediately control public access to the affected areas.
6. Submit a Communications Plan for notification of the potentially affected parties identified in (4) to the satisfaction of the Director on or before **May 31, 2019 at 2:00pm**.
7. Implement the Communications Plan as authorized in writing by the Director.
8. Report to the Director by **9:00am** each day following the issuance of this order, a list of parties and times they were notified, until otherwise directed in writing by the Director.

Sampling and Monitoring Plan

9. Immediately submit a Sampling and Monitoring Plan to the satisfaction of the Director on or before **May 31, 2019 at 2:00pm**.
10. Implement the Sampling and Monitoring Plan as authorized in writing by the Director.
11. Immediately commence sampling, at a minimum of once per 24 hour period, for hydrocarbons and chlorides in the affected waterbodies, wetlands and airshed, until otherwise directed in writing by the Director.
12. Report to the Director by **9:00am** of each day the results of the sampling until otherwise directed in writing by the Director.

Wildlife Mitigation Plan

13. Immediately conduct an assessment of impacted wildlife which shall include, at a minimum, fish, waterfowl and amphibians.
14. Submit a Wildlife Mitigation Plan to the satisfaction of the Director on or before **May 31, 2019 at 2:00pm**.

15. The Wildlife Mitigation Plan shall include, at a minimum:
 - a. the steps taken to prevent impacts to wildlife,
 - b. a plan for the rehabilitation of impacted wildlife, and
 - c. a plan for the humane euthanasia of impacted wildlife.
16. Implement the Wildlife Mitigation Plan as authorized in writing by the Director.
17. Report to the Director by **9:00am** of each day an updated inventory of impacted wildlife, until otherwise directed in writing by the Director.

Waste Management Plan

18. Submit a Waste Management Plan to the satisfaction of the Director on or before **May 31, 2019 at 2:00pm**.
19. The Waste Management Plan shall ensure that all waste is managed, stored, classified and transported in a manner that meets all applicable acts, rules and directives.
20. Implement the Waste Management Plan as authorized in writing by the Director.

Detailed Delineation and Remediation Plan

21. Submit a Detailed Delineation and Remediation Plan to the satisfaction of the Director on or before **June 2, 2019 at 2:00pm**.
22. The Detailed Delineation and Remediation Plan shall include:
 - a. A detailed plan to delineate the full extent (vertical and lateral) of the Substances, if any, in the soils, subsoils and groundwater, of any areas affected by the Release, including methods and techniques for delineating the Substances;
 - b. All of the steps that will be taken to remediate the Substances identified during the delineation at all locations where they are present, including the methods and remedial techniques that will be employed;
 - c. The steps that will be taken for the transportation and disposal of the Substances that are recovered from any affected soils, subsoils and/or groundwater; and
 - d. A schedule of implementation for the Detailed Delineation and Remediation Plan for approval by the Director.
23. The remedial work described in the Detailed Delineation and Remediation Plan shall at least meet the remediation of soil, subsoil and groundwater, the Alberta Tier 1 Soil and Groundwater Remediation Guidelines, as amended.
24. Implement the Detailed Delineation and Remediation Plan as authorized in writing by the Director.

Reporting to the Director

25. Provide to the Director, by **9:00am** each day, a daily written report (the “Director’s Report”), until otherwise directed by the Director in writing.
26. The Director’s Report shall contain:
 - a. the steps taken in the last 24 hours to remediate the Substances; and
 - b. the steps to be taken in the next 24 hours.
27. All plans and reports referenced in this Order, which are to be submitted to the Director, are to be provided electronically to DraytonValley Field Centre at DraytonValley.FieldCentre@aer.ca.
28. Submit to the Director a final report (“Final Report”) within 30 days of the completion of all the work required in compliance with this Order, summarizing such work and including verification that the work has met all standards and criteria as specified by the Director.

General

29. In carrying out the requirements of this Order, Obsidian shall obtain and comply with all required federal and provincial permits and governing legislation.
30. Copies of all federal and provincial permits obtained in the implementation of the work required by this Order shall be provided to the Director upon receipt.
31. All Plans required by this Order must be prepared and implemented by a qualified environmental professional.
32. Where a deadline or reporting frequency has been specified in this Order, the Director may authorize in writing a different deadline or reporting frequency as applicable.

Dated at the Town of Drayton Valley, in the Province of Alberta, the 30th day of May, 2019.

<original signed by>

Jeff Schatz
Manager of Field Operations – Drayton Valley
Alberta Energy Regulator

In complying with this order, the party or parties named must obtain all approvals necessary, notwithstanding the above requirements.

This order in no way precludes any enforcement actions being taken regarding this matter under the authorities listed above, or any other provincial or federal legislation, or by any other regulator with jurisdiction.

All enforcement actions issued by the AER may be subject to a follow-up review to confirm previous commitments have been completed and measures have been implemented, to ensure similar noncompliances are prevented in the future. The AER may request any information that demonstrates steps have been taken to prevent repeat noncompliances from occurring.

Under the *Responsible Energy Development Act*, an eligible person may appeal decisions that meet certain criteria. Eligible persons and appealable decisions are defined in section 36 of the *Responsible Energy Development Act* and section 3.1 of the *Responsible Energy Development Act General Regulation*. If you wish to file a request for regulatory appeal, you must submit your request according to the AER's requirements. You can find filing requirements and forms on the AER website, www.aer.ca, under Applications & Notices: Appeals.